



Joint Legislative Audit Committee  
Office of the Auditor General

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**FINANCIAL AUDIT REPORT  
CALIFORNIA CONSERVATION CORPS  
YEAR ENDED JUNE 30, 1978**

REPORT TO THE  
CALIFORNIA LEGISLATURE

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

806.2

FINANCIAL AUDIT REPORT  
CALIFORNIA CONSERVATION CORPS  
YEAR ENDED JUNE 30, 1978

MAY 1980



# California Legislature

## Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI  
CHAIRMAN

May 9, 1980

806.2

The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the  
Auditor General's financial audit report of the California  
Conservation Corps, year ended June 30, 1978.

The auditors are Curt Davis, CPA, Audit Manager; Michael  
Dendorfer, CPA; Romero Zamora; Ann Reicharter; and Teri Yee.

Respectfully submitted,

S. FLOYD MORI  
Assemblyman, 15th District  
Chairman, Joint Legislative  
Audit Committee

Attachment

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUDITOR'S OPINION	2
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET	3
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN OPERATING CLEARING - BUDGET AND ACTUAL	4
GENERAL FUND	
NOTES TO THE FINANCIAL STATEMENTS	5
OTHER INFORMATION	8

## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the California Conservation Corps. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The principal objectives of the California Conservation Corps are to further the development and maintenance of the natural resources and environment of the State and to provide to the young men and women of the State meaningful, productive employment; training in employable skills; and educational opportunities.

Programs of the California Conservation Corps are supported by appropriations from the State's General Fund.

## AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the California Conservation Corps as of June 30, 1978 and the related statement of revenues, expenditures, and changes in operating clearing for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the California Conservation Corps at June 30, 1978, and the results of operations and changes in operating clearing for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The columns on the accompanying financial statements captioned "Totals - Memorandum Only" for June 30, 1978 are not necessary for a fair presentation of the financial statements but are presented as additional analytical data and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

The columns on the accompanying financial statements for the year ended June 30, 1977, which are presented for comparative purposes only, were not audited by us and accordingly we do not express an opinion on them.

  
WESLEY E. VOSS  
Assistant Auditor General

Date: June 30, 1979

Staff: Curt Davis, CPA  
Michael Dendorfer, CPA  
Romero Zamora  
Ann Reicherter  
Teri Yee

CALIFORNIA CONSERVATION CORPS  
COMBINED BALANCE SHEET  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP  
JUNE 30, 1978  
(With Unaudited Amounts for 1977)

ASSETS	Governmental Fund Type	Account Group	Totals (Memorandum Only)	
	General	Fixed Assets	June 30, 1978	June 30, 1977
Cash	\$ 410,070	\$ --	\$ 410,070	\$ 7,632
Accounts receivable	193,666	--	193,666	62,972
Expense advances to employees	116,135	--	116,135	9,987
Prepayments to other funds	83,295	--	83,295	--
Advances to Architecture Revolving Fund	--	230,430	230,430	127,700
Equipment	--	932,588	932,588	88,174
Total Assets	<u>\$ 803,166</u>	<u>\$1,163,018</u>	<u>\$1,966,184</u>	<u>\$ 296,465</u>
LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 157,247	\$ --	\$ 157,247	\$ 1,313,681
Encumbrances Outstanding	<u>1,212,805</u>	<u>--</u>	<u>1,212,805</u>	<u>1,923,157</u>
Fund Equity:				
Investment in fixed assets	--	932,588	932,588	88,174
Reserved for construction	--	230,430	230,430	127,700
Operating clearing (Note 4)	<u>(566,886)</u>	<u>--</u>	<u>(566,886)</u>	<u>(3,156,247)</u>
Total Fund Equity	<u>(566,886)</u>	<u>1,163,018</u>	<u>596,132</u>	<u>(2,940,373)</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	<u>\$ 803,166</u>	<u>\$1,163,018</u>	<u>\$1,966,184</u>	<u>\$ 296,465</u>

The notes to the financial statements are an integral part of this statement.

CALIFORNIA CONSERVATION CORPS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN OPERATING CLEARING - BUDGET AND ACTUAL  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1978  
(With Unaudited Amounts for 1977)

	1978			1977
	Budget as Adjusted	Actual	Variance	Actual
Financing Sources: (Note 2)				
Support appropriation (Note 3)	\$13,917,575	\$14,151,010	\$1,233,425	\$(3,156,247)
Reimbursements	<u>1,356,575</u>	<u>630,798</u>	<u>(725,777)</u>	<u>89,109</u>
Total Sources	<u>15,274,150</u>	<u>14,781,988</u>	<u>(492,162)</u>	<u>8,751,188</u>
Expenditures: (Note 2)				
Current:				
Personal services	2,903,403	2,727,314	176,089	757,903
Operating expenses	10,147,471	8,549,380	1,598,091	6,229,627
Equipment	366,701	660,359	(293,658)	697,993
Capital outlay	<u>500,000</u>	<u>254,935</u>	<u>245,065</u>	<u>222,700</u>
Total Expenditures	<u>13,917,575</u>	<u>12,191,988</u>	<u>1,725,587</u>	<u>7,908,223</u>
Excess of Sources over (under) Expenditures	<u>\$1,356,575</u>	<u>2,590,000</u>	<u>\$1,233,425</u>	<u>842,965</u>
Operating Clearing - July 1		<u>(3,156,886)</u>		<u>(3,999,851)</u>
Operating Clearing - June 30		<u>\$ (566,886)</u>		<u>\$(3,156,886)</u>

The notes to the financial statements are an integral part of this statement.



CALIFORNIA CONSERVATION CORPS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1978

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the California Conservation Corps. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are structured into a Governmental Fund Type and an Account Group. The California Conservation Corps accounts for only its portion of the fund type categories. The State Controller maintains the central accounts for all state funds and annually publishes fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in Proprietary Funds--are accounted for through governmental funds. The General Fund is the Governmental Fund Type in the California Conservation Corps.

General Fund

This fund includes all financial resources not accounted for in another fund. The General Fund is maintained on the modified accrual basis of accounting. These are some of its more significant elements:

Income

Throughout the fiscal year, all income including revenues, transfers, and reimbursements, except for certain reimbursements which are recorded when billed, are accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

### Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures including encumbrances outstanding against budget appropriations for which no goods or services have been received.

### Liabilities

Retirement Plan - Regular employees of the department are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the department and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. The department's share of retirement contributions for the year totaled \$326,356.

Vacation and Sick Leave - Costs of vacation and sick leave are charged at the time these benefits are used rather than when they are earned.

### ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net of \$947,144 during the fiscal year.

## 2. BUDGETED FINANCING SOURCES AND EXPENDITURES

The amounts shown under "Budget as Adjusted" for financing sources and detailed expenditure accounts reflect the Governor's Budget after allowing for adjustments by the Budget Act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

3. SUPPORT APPROPRIATION

Support appropriation is the portion of the General Fund which the legislative Budget Act allocated to the California Conservation Corps.

4. OPERATING CLEARING

This account is the connecting link between the books of the various state agencies and the central fund accounts of the State Controller's Office for the General Fund and other funds not accounted for entirely by one agency.

### OTHER INFORMATION

For the fiscal year ended June 30, 1978, the Department of Forestry maintained the fiscal records for the California Conservation Corps.

As an integral part of our examination, we reviewed the department's accounting procedures and related system of internal accounting control as they relate to the California Conservation Corps to the extent we considered necessary to properly form an opinion concerning the fairness with which the department's financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the Department of Forestry in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The department generally concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps